

**Department of Health and Human Services
Division of Children and Family Services**

Revised Statute 43-4408

Pilot Project Monitoring and Functional Capacity

**Prepared for the
Health and Human Services Committee of the Legislature**

Update to the Report submitted September 15, 2012

December 31, 2012

Section I: Continuous Quality Improvement Framework

DHHS continues to monitor the pilot project utilizing a continuous quality improvement framework. Updates to the September 15, 2012, are outlined in red below.

Type of Feedback	Participants	Frequency	Purpose
Entries & Exits Conference Call	Local DHHS and NFC Program Staff. <i>Was changed in October to include CFS Deputy Director</i>	Weekly	To ensure the right children are entering and exiting the system. <i>A review of the data on the weekly Point-in-Time Report (PIT) is reviewed to ensure progress on serving the right children in the right setting is being achieved.</i>
Court Liaison Conference Call	Local DHHS Staff and NFC Program Staff	Weekly <i>No longer held at the request of NFC. Issues are addressed in the monthly Local Operations Meeting.</i>	To review issues pertaining to the courts e.g. missed hearings, lack of reports, timely access to services.

Section II: Contract Monitoring and Accountability

A. Compliance Reviews

Compliance Reviews continue as described in the September 15, 2012, report. Updates are outlined in red below.

Type of Review	Frequency of Review and Sample Size	Definition or Items Included in Review	Frequency of Data Report or Date of On-Site Review
Personnel File Review- On-Site Review			<i>September 20, 2012</i>
Quarterly & Annual Data Reports per Federal and State Requirements			<i>October 2012</i>

B. Process Measures and Outcome Measures

DHHS continues to monitor the pilot project's performance utilizing the Process Measures and Outcomes Measures described in the September 15, 2012, report.

Section III: Fiscal Monitoring

DHHS continues to monitor the pilot project's financial statements as indicated in the September 15, 2012 report. DHHS now considers NFC as a sub-recipient and no longer a contractor. NFC is now required to conduct and submit an annual A-133 audit.

DHHS also requires NFC to submit an "actual" invoice for each service provided during the month. Invoiced expenditures are recorded via N-FOCUS in order to accurately claim federal funding for Title IV-E maintenance payments. A quarterly reconciliation of invoices to the monthly financial statement is now required of NFC.

Currently, DHHS is not able to draw down Title IV-E administrative dollars for children served by the pilot project per the directive of the Federal Administration for Children and Families (ACF). DHHS is providing technical assistance to NFC to enable them to develop a proposed Cost Allocation Plan to be approved by ACF. Once NFC's Cost Allocation Plan is approved by ACF, DHHS can begin claiming those administrative funds.

Previous 2012 financial statements from NFC reported expenditures higher than actual costs. Adjustments have been made to NFC's last two monthly financial statements resulting in decreases in expenditures of \$1.1 million, mostly in direct service costs.

NFC's contract that began July 1, 2012, provides for a case rate to be paid to NFC with two parts. The first is a fixed monthly payment that covers the administrative costs associated with providing case management. The second is a monthly variable payment (case rate) for direct service costs. This is calculated using the average number of children (out of home) and families (in home) served in the calendar month.

As a result of the efforts to safely reduce the number of state wards, the monthly variable (case rate) payments to NFC have continued to decrease. Below is a chart depicting the average number of children (out of home) and families (in home) served by NFC.

Average Number of Children and Families Served each Month	July	August	September	October	November
Children (Out of Home)	1,866	1,815	1,778	1,756	1,727
Families (In Home)	577	567	532	513	489
Total (Children + Families)	2,443	2,382	2,310	2,269	2,216
(Decrease) From Prior Month		(61)	(72)	(41)	(53)

As mentioned above, DHHS now receives actual invoices for services and monthly financial statements from NFC, which have had decreasing adjustments over the last two months.

Receiving NFC's detailed fiscal information allows DHHS to continue to closely monitor NFC's revenues and costs moving forward.

Section IV: Corrective Action

DHHS has not changed the process identified in the September 15, 2012, report to address any deficiencies that may be discovered as a result of this pilot.

Section V: Functional Capacities

DHHS' ongoing assessment of the pilot project's functional capacities is consistent with the assessment information provided in the September 15, 2012, report.